

Forum on Transportation Investment

REVENUE SCENARIOS

Two scenarios were developed to propose methods to increase transportation revenue to meet a predicted annual \$203 million shortfall and to maintain the purchasing power for the next 30 years using the following assumptions.

ASSUMPTIONS:

1. All revenue increases (fuel and registration) will be distributed to the Highway Distribution Account and be shared using current law and present definition.
2. All revenue from a rental car tax will go to the Highway Distribution Account.
3. Any additional funding received from eliminating or reducing the ethanol exemptions or tax incentives will go to the Highway Distribution Account.
4. Impact fees will be collected by the jurisdiction of origin and shared by all transportation jurisdictions (state and local) that are impacted by the development.
5. Local option tax will be available for public transportation funding initiatives.
6. Increased title and driver's license fees will be shared using current law.
7. To achieve the estimated revenue in each scenario, 1% growth was used for fuel consumption, and 2% growth was used for registrations and driver's license.

SCENARIO 1

All increases included in 1, 2, and 3 will be implemented in the first year, and then indexed to the National Construction Cost Index (NCCI) for each year following. The elimination of the ethanol exemption and the rental car tax will become effective July 1, 2008. Impact fees will be used statewide. Local option tax will be available to all local jurisdictions upon voter approval.

SCENARIO 2

In the first year:

1. Local option sales tax in the amount of 0.25% will be available for public transportation.
2. Rental car tax will be in the amount of 2.5% and distributed to the Highway Distribution Account.

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3. The ethanol tax exemption will be eliminated or funding equal to the exemption will be distributed to the Highway Distribution Account.
4. Impact fees will be collected by the jurisdiction of origin and shared by all transportation jurisdictions (state and local) that are impacted by the development.
5. All fuel tax and registration fees will be indexed to the National Construction Cost Index (NCCI).

Fuel tax will be increased each year over 5 years and remain at that rate.

2006	3 cents per gallon
2007	3 cents per gallon
2008	2 cents per gallon
2009	2 cents per gallon
2010	2 cents per gallon

Vehicle registration will be increased each year over 5 years and remain at that rate.

2006	10%
2007	10%
2008	9%
2009	8%
2010	8%

Title and Driver's license fee will be increased each year over 5 years and remain at that rate.

2006	10%
2007	10%
2008	9%
2009	8%
2010	8%

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SCENARIO I

**New Revenue -- All at Once
to achieve \$203 million/per year estimated capital improvement shortfall**

1.	H.D.A	Raise ALL fuel taxes	12¢ per gallon	July 1, 2006	\$100,847,000
2.	H.D.A	Raise ALL registrations	45%	July 1, 2006	\$ 40,024,000
3.	H.D.A	Raise title & driver's license fees	45%	July 1, 2006	\$ 2,927,070
4.	H.D.A	Index 1, 2, and 3 above to the National Construction Cost Index (NCCI)	+/- 3% per year	July 1, 2007	Maintain purchasing power
5.	H.D.A	Eliminate Ethanol exemption		July 1, 2008	\$ 825,000
6.	Local/State approx. 80/20	Local Jurisdictions access Impact Fees to be shared by all transportation jurisdictions (state and local)		July 1, 2008	\$34,000.000
7.	Local/ County/ Region	Local governments access local Sales Tax for Public Transportation with voter approval	0.25%	Within next 5 years	\$45,983,375
8.	Corridor/ Right of Way	Impose an Excise Tax on Rental Cars designated for Corridor/Right of Way preservation	2.5%	July 1, 2008	\$1,000.000
Total Revenue					\$213,900,000

H.D.A.--Highway Distribution Account

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SCENARIO II

**New Revenue – 5 Year Phase In
to achieve \$203 million/per year estimated capital improvement shortfall**

1.	Local governments access local Sales Tax for Public Transportation with voter approval	0.25%	July 1, 2006	\$45,983,375 statewide	
2.	Impose an Excise Tax on Rental Cars designated for Corridor/Right of Way preservation	2.5%	July 1, 2006	\$1,000,000 estimate	\$ 5,000,000* 5 year total
3.	Eliminate Ethanol exemption		July 1, 2006	\$ 825,000	\$ 4,125,000* 5 year total
4.	Local Jurisdictions access Impact Fees to be shared by all transportation jurisdictions (state and local)		July 1, 2006	\$34,000.000	
5.	Index fuel taxes and registrations to the National Construction Cost Index (NCCI)	Approx. equal to 3%	July 1, 2006	\$ 9,193,215 per year to maintain purchasing power	\$ 55,159,290* 5 year total
6.	Increase ALL fuel taxes Growth: 1% (assumed)	3¢	2006	\$25,211,629	
		3¢	2007	\$25,463,745	
		2¢	2008	\$17,145,588	
		2¢	2009	\$17,317,043	
		2¢	2010	\$17,490,213	\$102,628,218* 5 year total
7.	Increase ALL registrations Growth: 2% (assumed)	10%	2006	\$ 8,894,060	
		10%	2007	\$ 9,017,412	
		9%	2008	\$ 8,164,747	
		8%	2009	\$ 7,693,006	
		8%	2010	\$ 7,846,866	\$ 41,616,091* 5 year total
8.	Increase title and driver's license fees Growth: 2% (assumed)	10%	2006	\$ 650,408	
		10%	2007	\$ 663,416	
		9%	2008	\$ 597,075	
		8%	2009	\$ 562,577	
		8%	2010	\$ 573,828	\$ 3,042,304* 5 year total
	Total			\$195,519,000	\$211,695,000*

*Numbers 2, 3, 5, 6, 7 & 8 = \$211,695,000
+ (1) public transportation \$45,983,375 + (4) Impact Fees \$34,000,000 =
\$291,678, 375 per year after 2010 and beyond

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History of Idaho Gas Tax Rates* (1981 - 2005)

